

AR17

Code: 17MBA3003

SET-2

ADITYA INSTITUTE OF TECHNOLOGY AND MANAGEMENT, TEKKALI
(AUTONOMOUS)

II MBA III Semester Regular Examinations, November, 2018

ENTREPRENEURIAL DEVELOPMENT

Time: 3 Hrs

Max. Marks: 60

Answer any Five questions
All questions carry EQUAL marks
Question No. 8 is Compulsory

1. What is meant by an entrepreneur? Explain the different types of entrepreneurs
2. Define micro, small and medium enterprise. Explain the importance of DIC in the promotion of small and medium enterprises
3. Why is it necessary to update the business plan? What specific factors can enhance the need to update the business plan?
4. Explain the role of IDBI to extend support to entrepreneurs.
5. Briefly explain evolution of sources and methods of ideas planning and development e- business ventures?
6. What is the importance of women entrepreneurship in our country? Discuss the problems faced by women entrepreneurs
7. How you can differentiate training for new and existing entrepreneurs?

8. CASE STUDY:

[12M]

India has a cultivable land of 184 million hectares, which helps in producing various items. Despite the boom in the service sectors (software and IT), agriculture is still considered as the backbone of the Indian economy with more than half of the population associated with it. The Indian poultry industry plays a prominent role in the agriculture sector contributing 2.5% to the country's GDP. In just a few decades, the industry has transformed from a backyard activity to a highly technology-driven industry. This rapid growth was aided by the development of the contract farming model.

Adopting this model, the Coimbatore based Suguna Poultry Farm Ltd. (Suguna) stumbled upon its unique business model while trying to find a solution to the problems it faced in the course of its operations. It has successfully established itself in the Indian poultry industry and is currently the world's fourth largest player in the broiler segment. Its operations are, however, centered in the southern part of India. Suguna announced its plans to expand across India along with its efforts to strengthen its backward and forward integration processes. With competition getting intensified, will the company be able to sustain its current rate of growth if it expands across the country? What possible challenges could the company face?

The major players in the industry are Venkateshwara Hatcheries, Pioneer Poultry Group, Suguna Poultry Farm Ltd, Godrej Agrovet Ltd, which are mainly centered in the southern region of the country. The expansion of the poultry sector has simultaneously increased the demand for poultry farms.

Challenges

Suguna, however, faces a few challenges in fulfilling its expansion plans. Firstly, Suguna is relatively new to the market when compared to its competitors. It has only 18% market share in broiler segment and holds a small share of 6.6% in the layer segment. Its biggest competitor, Venkateshwara Hatcheries Group on the other hand, has a market share of 85% in layer segment and its other unit Vencobb has 65% of the market share in broiler segment. Godrej Agrovet, another fully integrated poultry company holds a market share of 16% in the broiler segment. It is more into retailing of processed meat under the brand name 'Godrej Real Good Chicken'. The other competitors like Pioneer Poultry Group, Sky Lark Group, and Jaffa also pose a challenge to Suguna, as they are capable of taking away market share due to the highly fragmented nature of the industry.

Suguna's entry into northern regions of India also presents a few challenges for the company. The region is still underdeveloped and unorganised compared to other regions.

To expand in this region, the company has to incur additional expenditure in educating the farmers, providing training and building infrastructure. In addition, its expansion into the retail sector could also be an uphill task. Offering a branded product will add up 40% to selling price on account of additional costs like packaging, taxation and advertisements. By branding its products, the company can sell its products at its high-end retail stores and command premium prices for them. But this would eliminate a large percentage of consumers who would not be willing to spend so much on something they get at a cheaper rate. Although the consumer preferences are changing with regard to consumption of chicken, people still prefer to purchase it from street corner shops rather than high-end retail stores.

Regardless of all these challenges, Suguna's founders are confident that it can achieve the plans it has set for itself. Soundararajan, said, "We are going to focus on expanding the poultry farming for the domestic market till 2010 by replicating our existing business model of contract farming across the country. Our bid to enter into international markets will be only beyond 2010." In this scenario, it remains to be seen if Suguna will be able to give a tough competition to the players in poultry sector and whether it will be able to survive and achieve success in the global market with its unique business model.

Questions:

1. What are the problems faced by Suguna to expand in Northern Region?
2. What are the different types of Integration followed by the management?
3. How does Suguna plan to compete with other major players in the country?